

CAPITAL IMPROVEMENTS ELEMENT

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Introduction

The previous CI element was stricken in its entirety and replaced with the following:

The purpose of the Capital Improvement Element (CIE) is to: (1) evaluate the need for public facilities in support of the Comprehensive Plan; (2) estimate the costs of improvements for which local government has fiscal responsibility; (3) analyze the fiscal capability of the local government to finance and construct improvements; and (4) adopt financial policies to guide the funding and construction of improvements.

The Capital Improvements Element focuses on the capital outlay required to meet existing deficiencies and to maintain adopted Level of Service (LOS) standards for the public facilities identified in the plan.

The content of this element includes: (1) an inventory of capital improvements needs; (2) the financial resources available to fund such needs; (3) an examination of local policies and practices which can support the Element and overall Comprehensive Plan; (4) a fiscal assessment of revenues, expenditures, debt service capacity, and the ability to fund capital resource needs; (5) a discussion of issues and corresponding recommendations; (6) a listing of goals, objectives, and policies; and (7) a section detailing implementation, including a Schedule of Capital Improvements, and a section describing monitoring and evaluation strategies.

I. Inventory of Capital Needs – Five Year Plan (Figure 1)

Figure 1

General Fund	Estimate of Cost
Renovation/Addition to City Hall	\$250,000
Paving of City Street	\$100,000
Recreation Facilities	\$550,000
Sidewalks	\$452,000
Enterprise Fund	
Relocation of Water/Sewer lines	\$250,000
Alternative Wastewater Disposal	\$1,500,000
Expansion of sewer plant	\$1,300,000
Upgrade Main Lift Station	\$100,000
Maint. On Other Lift Stations	\$400,000
Upgrade of Well #4 and Tank	\$1,000,000

II. Inventory of Financial Resources

In order to effectively plan for needed capital improvements an inventory of the various sources of funding available to the City of Freeport. Tables 1 presents an analysis of the historical revenues provided by various funding sources for the City of Freeport.

TABLE 1
TOTAL REVENUES BY FUND
FISCAL YEARS 1998-2002

FUND	1998	1999	2000	2001	2002
General Fund	548,989	582,714	881,025	889,749	914,761
Enterprise Funds	611,511	667,073	840,615	981,424	999,339
Total	1,160,500	1,249,787	1,712,640	1,871,173	1,914,100

Source: Page 7 FY 1998-2002 Comprehensive Annual Financial Statements

The revenue sources are further detailed below and present a working inventory, from which the City's capability to appropriate the needed funding for capital improvements is assessed. The status of each financial resource currently utilized is indicated.

A. Local Sources – Taxes and Licenses

1. Ad Valorem Taxes.

This source of revenue is computed on taxable value of 10.3 square miles of incorporation area. The millage rate is 3.93 mills. (see Table 2) In 2004, the taxable value will be based on 16.68 square miles of incorporated area.

TABLE 2
Presentation of Ad Valorem Tax Structure

	1997-98	1998-99	1999-00	2000-01	2001-02	Average Change
Tax Proceeds	67,151	82,033	85,059	104,393	115,725	11%
Millage Rate	3.93	3.93	3.93	3.93	3.93	0%
Taxable Value	16,801,715	18,936,109	21,056,259	26,288,476	26,533,984	12%

Source: Walton County Property Appraiser

2. Intergovernmental Revenues.

This is the greatest source of revenue for the City. The revenues are derived from County inter-local agreements, State distributions and local franchise fees. It consists of the following revenues: (Table 3)

- a. Infrastructure tax refund.
- b. Local option gas tax.
- c. Franchise fees – consisting of garbage, telecommunications, electric, and cable television franchises.
- d. Local communications tax.
- e. Mobile home licenses – share of revenues by number of structures in its jurisdiction.
- f. Beverage licenses – division of funds located within the municipality that were issued alcoholic beverage licenses.
- g. Half cent sales tax – derived from the return of all state sales tax proceeds.
- h. State revenue sharing – portions of state cigarette tax collections, municipal gas tax collections, and intangible taxes.
- i. Fire department county funding and MSBU funds – allocation by the Walton County Board of County Commissioners for inter-local services, and collections of MSBU funds through the tax collector.

TABLE 3
STATEMENT OF GENERAL FUND REVENUES
FISCAL YEARS 1998-2002

	1998	1999	2000	2001	2002
Taxes	107,396	140,569	137,586	160,505	193,184
Intergovernmental	413,434	406,805	687,050	617,608	613,174
Charges for Services	00	344	72	75,987	83,647
Fines and forfeitures	6,792	5,259	6,182	5,307	4,730
Rent	00	10,000	10,000	3,366	3,045
Interest Income	00	8,415	13,568	13,153	8,155
Miscellaneous	14,468	11,322	26,567	13,823	8,826
Total Revenues	542,090	582,714	881,025	889,749	914,761

Source: Page 7 FY 1998-2002 Comprehensive Annual Financial Statements

3. Charges for services.

The main source of revenue in this category comes from leasing property on Lagrange Bayou for industrial use. A nominal amount of revenue comes from notary services, maps, and copies. (see Table 3)

4. Fines and Forfeitures.

The City collects revenue from these sources, with the largest portion being court fines collected through the County Clerk's Office. (see Table 3)

5. Rental Revenue.

This category depicts revenues received from rental of governmental buildings for civic organizations, private individuals, and corporate meetings. (see Table 3)

6. Interest Income.

These revenues come from deposit investments and banking accounts earning monthly interest. (see Table 3)

7. Miscellaneous Income.

Donations, qualifying fees, land development review fees, technical review fees, and administration reimbursement fees are included in this category. (see Table 3)

B. Local Sources – Public Utility

1. Enterprise Fund

These charges are derived from the operation of an Enterprise Fund. The Enterprise Fund consist of a water and sewer utility operated by the City of Freeport. (Table 4) The City has an impact fee assessed for this fund. These fees are charged in advance to new services and are designed to pay for current and future infrastructure needs. Impact fees are not lined itemed in the annual budget. A connection fee is charged for each new service and is used for operational expenses. User fees are calculated based on consumptive usage and billed monthly to the consumer. A deposit is

required for each service and is determined by the location, type, (business or residential) and/or bond covenants. Deposits are not a lined item in the annual budget and are placed in a non-baring interest account. They are refundable when the occupant leaves the site and after the final bill is computed. There are large consumptive users on the utility system that are billed in addition to a minimum charge for excessive use. These cost are included in the sales on the annual budget.

TABLE 4
EXAMINATION OF REVENUES
ENTERPRISE FUND
FISCAL YEARS 1998-2002

	1998	1999	2000	2001	2002
OPERATING REVENUES (Charges to users)	611,511	667,073	840,615	981,424	999,339
Less Expenses	-597,695	-654,20	-784,298	-753,343	-758,678
TOTAL OPERATING REVENUES	13,816	12,953	56,217	228,081	240,661
TOTAL NON-OPERATING REVENUES	(63,819)	(72,489)	68,387	(52,213)	280,539
NET INCOME (LOSS)	(50,003)	(59,536)	124,604	175,868	521,200

Source: Page 8 FY 1998-2002 Comprehensive Annual Financial Statements

C. Other Financial Soruces

The City of Freeport uses short-term financing to raise required revenue for period of one to five years and has issued long-term bond for five to forty years. The following are ending fiscal year balances for short-term loans and bonds issued for the City of Freeport.

- a. The City of Freeport has no General Obligation Bonds. The General Fund long-term payable debt in the Table 5 represents loans by Walton County for fire trucks and equipment.

- b. The City of Freeport has issued Revenue Bonds for the Enterprise Fund as stated in Table 5.

TABLE 5
SHORT & LONG TERM DEBT BY FUND
FISCAL YEARS 1998 – 2002

	1998	1999	2000	2001	2002
General Fund					
Long Term Note Payable	176,125	163,625	138,625	252,178	369,934
Enterprise Fund					
Short Term Note Payable	341,051	270,444	168,816	725,310	949,012
5% Bond	108,000	100,000	92,000	84,000	75,000
5.125% Series 1994 A	874,400	865,000	855,100	844,700	833,700
5.125% Series 1994 B	232,400	229,900	227,300	224,500	221,600
4.5% J.L. Series 1996	1,004,000	994,000	983,000	972,000	960,000
2.7% DEP Loan	154,604	158,820	00	00	00
6% Series 1990 A	443,400	438,200	432,600	426,800	420,500
6% Series 1990 B	84,500	83,500	82,500	81,400	80,200
5.875% J.L. Series	170,500	168,700	166,800	164,800	162,700
4.5% Series 2000			280,000	280,000	277,000
Total	3,588,980	3,472,189	3,426,741	4,055,688	4,349,646

Source: Page 19 & 20 FY 1998-2002 Comprehensive Annual Financial Statements

- c. The City of Freeport issued a Bond Anticipation Note in 2002 with the closing for long term debt slated in May 2003. The short-term payable debt in Table 5 shows this anticipation note, equipment loans, and loans to extend water lines to other utility providers.

A presentation of these creditors and the balance payable is listed below.

Creditor	Balance (2002)
Regions Bank	\$ 340,431
First National Bank	\$ 482,501
Regions Bank	\$ 126,080
Total Short Term Obligations	\$ 949,012

D. Federal and State Grants and Loans

Grant monies are generally a nonrecurring source of funds, and cannot be accurately projected for budgeting purposes.

The City of Freeport is not an entitlement community and must compete for most grant funding.

Several federal agencies offer direct loan and grant programs, but their applicability to capital improvement projects is limited. The City of Freeport has received awards under the CDBG program in the past to assist with rehabilitation/upgrade of both the sanitary sewer system and the potable water system as well as to redevelop a portion of the City. USDA/RD offers loans as well as grants to qualifying local governments for infrastructure improvement. The City of Freeport has received USDA/RD funds in the past.

In the past, grants have constituted the major source of funding for many of the capital improvements initiated by the City of Freeport (except for those related to transportation). It is anticipated that such sources will continue to constitute a major source of capital improvement funding in the future.

III. Local Policies and Practices'

Local policies and practices are used to guide the location and timing of land development, in support of the goals, objectives, and policies of the Future Land Use Element. Many of these policies and practices may be influenced by state and regional (i.e., NWFWMDC) agencies which provide public facilities within the governing bodies' jurisdiction.

A. Level of Service Standards

Level of Service (LOS) Standards are an indicator of the extent or degree of service provided by, or proposed to be provided by facility based on and related to the operational characteristics of the facility. LOS indicates the capacity per unit of demand of each public facility. They are, in short, a summary of existing or desired public facility conditions.

Chapter 163, F.S., and Chapter 9J-5, F.A.C., require LOS standards to be included for public facilities addressed by local governments in their comprehensive plans. Specifically, these LOS are established for the purpose of issuing development orders or permits to ensure that adequate facility capacity will be maintained and provided for future development. These adopted LOS standards are based on the data and analysis indicated in these associated elements as well as on the growth projected in the

Future Land Use Element. Sanitary Sewer, Solid Waste, Drainage and Potable Water LOS Standards are shown in Figure 2.

Figure 2				
Facility	Location	LOS (Design Capacity)		
Sanitary Sewer	City of Freeport Service area	Type of Use	Average Flow	Peak Flow
		Residential	60 gpd/p	90 gpd/p
		Commercial	60 gpd*	90 gpd*
		Industrial	200 gpd*	300 gpd*
		* Per 1000 square feet		
Potable Water	City of Freeport Service Area	Type of use	Average Flow	Peak Flow
		Residential	65 gpd/p	100 gpd/p
		Commercial	65 gpd*	100 gpd*
		*per 1000 square feet		
		Storage capacity	24 hour reserve	
		Pressure	20 psi to user	
Solid Waste	City Limits	Residential	4 lbs per capita per day	
		Commercial	1 lbs per capita per day	
		Industrial	2 lbs per capita per day	
		Other users	0.5 lbs per capita per day	
Storm Water Management	City Limits	25-year 24 Hour Design Storm per FDOT Manual		
		Design and performance standards shall be those established by Chapter 17-25.025, F.A.C. This regulation requires that treatment of the first inch of run-off on-site shall meet water quality standards required by Chapter 17-302, Section 17.302.500, F.A.C. These standards shall apply to all new development and redevelopment and any exemptions, exceptions, and thresholds, including project size thresholds are not applicable.		
Transportation Facilities		LOS for all roadways listed below: SR 20 from west city limits to US 331N, SR 20 from US 331N to US 331S, SR 20 from US 331S to eat city limits, US 331 from north city limits to SR 20; US 331 from SR 20 to south city limits, CR 83A, and all local streets.		
Recreation Facilities and Areas		6.25 acres of recreation and open space per 1000 population.		

B. Facilities Management

The City of Freeport has a concurrency management system in place as described in the Capital Improvements Element of the Comprehensive Plan and the Land Development Regulations.

IV. Capital Improvements Identified in Plan Elements

Comprehensive Plan Elements that provide information on capital improvements include Sanitary Sewer, Potable Water, Solid Waste, Storm Water Management, Transportation Facilities, Recreation and Open Space. The following information is extracted from these Elements. Capital improvements have been identified based on: (1) repair and replacement of existing facilities, (2) the need to correct existing deficiencies, and (3) needs generated by future growth within the planning horizon.

The following section details the identified capital improvements.

A. Sanitary Sewer

1. Existing Facility Repair and Replacement

The sanitary sewer system has no existing facility repair and replacement needs that are not currently being addressed and for which funding has not already been provided. As noted in the Sanitary Sewer Sub-element, all existing treatment facilities are operating properly.

2. Existing Deficiencies

Based on analysis by the City's consulting engineer, there are no existing deficiencies with regard to the provision of sanitary sewer service and the proposed LOS standards contained in this Plan.

3. Future Growth Needs

By 2005, the City anticipates having the 300,000 gpd expansion to the sanitary sewer system on-line. The City shall assess new development a pro-rata share of the cost necessary to finance public facility improvements necessitated by development in order to adequately maintain adopted level of service standards. The City shall continue to monitor and evaluate capital improvement projects as a result of growth. The current growth needs have been identified in the Infrastructure Element of this plan.

B. Potable Water

1. Existing Facility Repair and Replacement

The potable water system has no existing facility repair or replacement needs that are not currently being addressed and for which funding has not already been provided. As noted in the Potable Water Sub-element, all existing facilities are operating properly.

2. Existing Deficiencies

There were no existing deficiencies with regard to potable water service and the proposed LOS standards contained in this Plan.

3. Future Growth Needs

In 2005/2006, the City anticipates upgrading Well #4 to 1.7 MGD and adding another elevated storage tank with a half-million gallon capacity. Increasing over-all storage capacity to 1,250,000 gallons. This is in excess of the required 24-hour storage capacity. The City shall assess new development a pro-rata share of the cost necessary to finance public facility improvements necessitated by development in order to adequately maintain adopted level of service standards. The City shall continue to monitor and evaluate capital improvement projects as a result of growth. The current growth needs have been identified in the Infrastructure Element of this plan.

C. Solid Waste

1. Existing Facility Repair and Replacement

As noted in the Solid Waste Sub-element, the City currently has solid waste collection that is handled by private contractors. Solid waste is disposed of in the Walton County Landfill that has sufficient capacity to carry the City through the planning period.

2. Existing Deficiencies

No existing deficiencies have been identified in this Plan. The City, working through private haulers and the Walton County landfill provide services that exceed proposed LOS standards.

3. Future Growth Needs

None identified in the Plan's elements that will exceed the proposed LOS standards.

D. Storm Water Management

1. Existing Facility Repair and Replacement

There were no specific needs identified in the Infrastructure Element of the Plan.

2. Existing Deficiencies

There were no existing deficiencies with regard storm water management and the proposed LOS standards contained in this Plan.

3. Future Growth Needs

Storm water quality control and quantity issues are addressed through the storm water management provisions contained in the adopted LDC.

E. Traffic Circulation

1. Existing Facility Repair and Replacement

There were no specific needs (other than ongoing maintenance) identified in the Traffic Circulation Element. Walton County, through its Transportation Improvement Trust Fund the Road and Bridge Department maintain and operation roads. The City spends their proportionate share of gas tax receipts on such services and these expenditures should be sufficient in the future to maintain the system.

2. Existing Deficiencies

The segment of SR20 between US 331 N and US 331 S is currently operating at level of service D. The construction of the Freeport Bypass identified in the Traffic Circulation Element will correct the deficiency.

3. Future Growth Needs

Aside from the deficiency noted above, there are no roadways identified within the area covered by this comprehensive plan which will be in need of improvements during the period covered by this Capital Improvements Element, or within the entire planning period covered by this Plan.

Although this is the case, The City will need to coordinate closely with the TPO and FDOT such that provisions are implemented in accordance with the Transportation Element of this Plan to ensure that the segment of US 331 from SR 20 to the northern City limit, SR 20 between US 331N and the western city limit, and CR 83A do not become deficient during the planning period. The City will continue to be actively involved with the TPO.

F. Recreation and Open Space

1. Existing Facility Repair and Replacement

No specific needs were identified in the Recreation Element (other than ongoing maintenance) relative to the provision of recreation and open space. All existing recreation areas are generally in good condition and the City expends funds on recreation programs and facilities.

2. Existing Deficiency

There are no existing deficiencies with regard to the provision of recreation and open space below the proposed LOS standards contained in this Plan.

3. Future Growth Needs

There are no future growth needs identified in the Plan which exceed the proposed LOS standards. The City of Freeport has plans for a recreational park and by 2010, the City anticipates a surplus.

V. Public Education and Health Systems

The Walton County School Board (separate from Walton County and the City of Freeport governments) operates one elementary school, one middle school and one high school within the city limits of Freeport. The geographic service area of all public education system components is county-wide. Residents are not assigned to specific districts.

The School Board has recently constructed a high school in Freeport. The Freeport facility is a replacement for the building currently housing the Freeport Middle School. Local government has coordinated with the school system to insure sufficient infrastructure was available to service the facilities.

Residents of Freeport utilize Health-mark and Sacred Heart hospitals. The County coordinates with these entities to insure that adequate infrastructure is available to meet the needs of Freeport and the County.

VI. State and Regional Agencies Providing Capital Facilities

The Department of Transportation has operational responsibility for the state road system in Walton County, while the Okaloosa-Walton Transportation Planning Organization (TPO) has planning responsibility for that portion of the County location in the TPO study area which includes the City of Freeport. The Traffic Circulation Element of this Plan identifies the various roads under the jurisdiction of the state and also outlines FDOT's work program and related capital expenditures regarding roadways under their jurisdictional responsibility located in Freeport.

The adopted Goals, Objectives, and Policies as well as the Schedule of Capital Improvements (see Figure 3) presented in this Element of the Comprehensive Plan take these plans and expenditures into account.

The Northwest Florida Water Management District (NFWFMD) is also involved in capital projects that could affect the City of Freeport. As the monitoring agency for potable water consumptive use, NFWFMD alerts the City of Freeport on compliance issues and requires the City to stay within the LOS boundaries.

The Department of Environmental Protection (FDEP) also expends capital funds in the City of Freeport. These funds are spent on routine maintenance as well as development of recreational facilities. In the past four years FDEP has granted the City of Freeport \$300,000 dollars of non-matching funds to develop recreational parks within the City.

FIGURE 3
SCHEDULE OF CAPITAL IMPROVEMENTS

Project Description	Schedule (Fiscal Yrs)	Projected Cost	Location	Revenue Source	Consistency w/Other Elements	Who's Responsible
<u>Traffic Circulation</u>						
Paving of City streets	04-05	\$100,000	Varies	General Funds	Yes	City
Resurfacing of SR20	05-06	FDOT	SR20	FDOT	Yes	FDOT
Sidewalks – Phase 1 & II	05-07	\$452,000	SR20/Kylea Laird	FDOT	Yes	FDOT
4 laning of US 331 S	FDOT	FDOT	US 331 S	FDOT	Yes	FDOT
Freeport Bypass	FDOT	FDOT	US331 S/N SR20	FDOT	Yes	FDOT
Bike Path	06-07	FDOT	CR 83A	FDOT, FRDAP, County, Private	Yes	City
<u>Recreation & Open Space</u>						
Freeport Rec. & Sports Complex	03-04	\$300,000	Behind City Hall	FDRAP, County	Yes	City
Future Rec. Facility & Park	05-06	\$250,000	E. Bay Loop Rd.	FDRAP, Private	Yes	City
<u>Sanitary Sewer</u>						
Waste Water disposal system (sprayfield)	07-09	\$1,500,000	Unknown	Fed/state grant w/match	Yes	City
Main lift station	04-05	\$100,000	Bay Loop Rd.	Local funding	Yes	City

FIGURE 3
SCHEDULE OF CAPITAL IMPROVEMENTS (Continued)

Project Description	Schedule (Fiscal Yrs)	Projected Cost	Location	Revenue Source	Consistency w/Other Elements	Who's Responsible
<u>Sanitary Sewer (Continued)</u>						
Maintenance of other lift stations	06-07	\$400,000	Varies	Local funding	Yes	City
<u>Potable Water</u>						
Upgrade Well #3 & add Tank #4	05-06	\$1,000,000	JW Hollington Rd.	Local funding	Yes	City
Relocation of lines on SR20/US331	05-06	\$250,000	SR20/US331	Local funding	Yes	City
<u>Solid Waste</u>						
No Capital Needs Identified in Plan	N/A	N/A	N/A	N/A	N/A	N/A
<u>Stormwater Management</u>						
No Capital Needs ID'd in Plan	N/A	N/A	N/A	N/A	N/A	N/A
<u>Public Facilities</u>						
Renovate City Hall	04-05	\$250,000	112 Hwy 20 W	Local Funding	Yes	City

VII. Analysis

A. Current Fiscal Assessment

This section begins the examination of Freeport's ability to fund the capital improvements presented in Figure 1 of this element. The purpose of this section is to determine whether sufficient revenue

will be available within the existing budgeting and financing framework utilized by the City to fund the needed improvements at the time they will be required.

The assessment process consists of estimating future receipts or revenues that the governing body uses for capital improvement financing and then, balancing these receipts against anticipated expenditures for capital improvements. Using this process, it is possible to quantify annual revenue surpluses and shortfalls providing a basis for examining opportunities for financing the needed capital improvements.

In addition to the direct cost for capital improvements, this section will review the fiscal impacts of the capital improvements derived from the other elements upon the operation of the applicable departments responsible for facility management. This will include the costs for additional personnel and routine operation and maintenance activities. Importantly, this assessment includes only those items planned for in the other comprehensive plan elements.

1. Accounting System

The accounting system employed by the City records financial transactions in individual accounts that are called "funds." Records for each fund provide a complete accounting of fund assets, liabilities, reserves, equities, revenues and expenditures. The following is a brief description of the funds that the City has established for capital improvements financing.

(a) Governmental Fund Types

These are the funds through which most governmental functions are typically financed. The funds included in this category are detailed below in Table 6. The table presents an analysis of the revenues, expenses, of the general fund over the 1998 to 2002 period for the City of Freeport.

General Fund – This fund is established to account for resources devoted to financing the general services that the governing body performs for its citizens. General tax revenue used to finance the fundamental operations of governments is included in this fund.

The fund is charged with all costs of operating the government for which a separate fund has not been established.

(b) Proprietary Fund Type

The funds included in this category are the Enterprise Funds. Enterprise funds are used to account for governmental services that are generally operated and financed in a manner similar to a private business enterprise. The City of Freeport maintains such a fund. Revenues for these funds are generated primarily through user charges and connection fees. Revenue bonds may be issued using a portion of receipts for debt service needs for large-scale capital improvement projects. Smaller-scale projects are financed through public banking entities and are retired with revenues generated from user charges and connection fees. Table 6 presents an analysis of the revenues, expenses, of the enterprise fund over the 1998 to 2002 period for the City of Freeport.

TABLE 6
COMBINED BALANCE SHEET ENDING SEPTEMBER 30, 2002

	General Fund	Enterprise Fund
ASSETS		
Cash in Bank	208,238	359,562
Investments	297,036	...
Accounts Receivable	6,487	124,305
Prepaid Expenses	1,188	22,800
Due from other Funds	109,962	21,388
Due from other governments	3,246	...
Restricted assets:		
Cash in Bank		390,858
Investments		360,766
Grants receivable	33,942	109,734
Utility deposits	120	...
Fixed assets:		
Land		191,272
Buildings		98,412
Improvements Other than building		8,682,517
Equipment		377,439

TABLE 6 (Continued)
COMBINED BALANCE SHEET ENDING SEPTEMBER 30, 2002

Const. Work in progress		1,171,762
Accumulated depreciation		(1,974,656)
TOTAL ASSETS AND OTHER DEBITS	\$660,219	\$9,936,159
LIABILITIES:		
Accounts payable	14,401	630,484
Accrued liabilities	3,965	11,818
Current portion of long-term notes payable		40,651
Notes payable		482,501
Payable from restricted assets:		
Deferred revenue from impact fees		303,823
Accrued interest		16,663
Current portion of revenue bonds payable		48,700
Customer service deposits		151,727
Due to other funds		131,350
Due to other governments	29,790	...
Deferred revenue		20,493
Notes payable		425,860
Bonds payable		2,982,000
TOTAL LIABILITIES	48,156	5,247,070
FUND EQUITY:		
Contributed capital		4,916,792
Less amortization		(1,036,042)
Retained earnings:		
Reserved for revenue bond retirement		217,723
Unreserved		590,616
Fund balance		
Reserved for encumbrances	29,422	
Unreserved:		
Designated for future land development	83,574	
Undesignated	499,067	
TOTAL FUND EQUITY	\$612,063	\$4,689,089
TOTAL LIABILITIES AND FUND EQUITY	\$660,219	\$9,936,159

Source: Page 4 & 5 FY 2002 Comprehensive Annual Financial Statements

Water and Sewer Enterprise Fund – This combined fund is utilized to account for both potable water and sewer service operations and is presently maintained by the City. As noted in Table 6, current fund equity is \$4,689,089.

B. Projected Revenues, Expenses, and Funds Remaining for Capital Improvements – Governmental Funds

This section presents an examination of the projected revenues and expenses expected to accrue to the governmental fund type for the City. These revenues and expense streams are utilized to project the remaining funds that will be available for capital project funding as well as to service debt.

Table 7 presents a detailed analysis of the projected revenues, expenses, debt service schedule, and funds that should be remaining for the City. As noted in this table, total funds available for Capital Improvement funding increases from \$145,244 to \$349,457 over the 2002 to 2008 period. The detailed methodology used for making these projections is also presented in this table.

TABLE 7
EXISTING AND PROJECTED GOVERNMENTAL FUND TYPE
REVENUES, EXPENSES AND FUNDS REMAINING FOR CAPITAL
IMPROVEMENTS

(x1000)	2002	2003(5)	2004	2005	2006	2007	2008
General Fund Revenues	1,013.15	1,063.81	1,117.00	1,172.85	1,231.49	1,293.06	1,357.72
Expenditures	645.20	677.46	711.33	746.90	784.25	823.46	864.63
Other Financing Sources (Loans & Grants)	235.17	350.00	0.00	452.00	0.00	0.00	0.00
Capital Outlays	457.87	50.00	300.00	530.00	250.00	272.00	0.00
Undesignated Fund Equity	145.25	686.35	105.67	347.95	197.24	197.60	493.09

Notes: (1) General Fund Revenues increased by 5% per year

(2) Expenditures increased by 5% per year

(3) Estimated loans and grants

(4) Capital outlays outlined in figure 1

Source: City of Freeport; and WFRPC

C. Projected Revenues, Expenses, and Fund Remaining for Capital Improvements – Enterprise Funds

This section presents an examination of the projected revenues and expenses expected to accrue to the Enterprise Funds for each applicable governing body. Once again, these revenues and

expense streams are utilized to project the remaining funds that will be available for capital project funding as well as to service debt.

Table 8 presents an analysis of the projected revenues, expenses, and debt service schedule for the City's Enterprise Fund.

TABLE 8
ENTERPRISE FUND PROJECTED
REVENUES, EXPENSES AND FUNDS REMAINING FOR
CAPITAL IMPROVEMENTS
(x1000)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
A	999.34	1,094.28	1,198.23	1,312.06	1,436.71	1,573.20	1,722.65	1,886.30	2,065.50
B	67.17	579.25	361.00	215.25	224.08	233.25	242.85	252.77	263.12
C	529.64	609.09	700.45	805.52	926.35	1,065.30	1,225.10	1,408.87	1,620.20
D	-512.51	305.08	600.44	269.88	270.74	265.36	287.03	287.03	287.03
E	24.36	759.36	258.34	451.91	463.70	475.79	453.37	443.17	421.39

Notes: Row (A) Revenues/User charges: increase 9.5% annually
Row (B) New Development Impact Fees, estimated growth of 4.1% after 2004
Row (C) Operating expenses: less depreciation, projected to increase 15% through 2010
Row (D) Debt Service
Row (E) Funds Available for Capital Outlays
Information from 2002 Annual Financial Statement pg. 8-9, 21-22
Source: City of Freeport, Florida

D. Funding of Scheduled Capital Improvements – Financial Feasibility of the CIE

Table 9 presents a fiscal analysis of the City's ability to fund the Capital Improvements contained in Figure 1. As noted in this as well as in the preceding sections of this element, the City has several sources of funding. These funding sources as well as anticipated increases in operating surpluses, should serve to adequately support the funding of Capital Improvements scheduled herein (see Table 9). As noted in this table, ending funds available for Capital Improvements (subsequent to the funding of Capital Improvements contained in this Element) and/or for additional debt service are expected to increase over the planning period.

TABLE 9
FISCAL ASSESSMENT
2003-2010
(x1000)

	2003	2004	2005	2006	2007	2008	2009	2010
Funds Available for Capital Improvements (See Table 8)	759.36	258.34	451.91	463.70	475.79	453.37	443.17	421.39
Grants	0.00	300.00	150.00	400.00	652.00	500.00	500.00	0.00
Capital Improvement (Figure 1)	150.00	1075.00	650.00	850.00	1100.00	1000.00	950.00	127.00
Ending Funds Available for Capital Improvement or Additional Debt Services	609.36	92.70	44.61	58.31	86.10	39.47	32.64	327.03

Note: Interest payments are not reflected, they are reflected in Table 8 under operating expenses.

Source: City of Freeport, Florida

E. Analysis of Projected Debt Service Ratios and Debt Capacity Analysis

Table 10 presents a detailed analysis of the total existing debt service requirements accruing to the City. Total revenue projected during the initial increment of the planning period is also contained in this table. Existing and projected debt service to total revenue ratio is also exhibited.

TABLE 10
ANALYSIS OF EXISTING AND PROJECTED
DEBT SERVICE RATIOS
(x1000)

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Service Requirement	512.51	305.08	600.44	269.88	270.74	265.36	287.03	287.03	287.03
Total Revenues	999.34	1,094.28	1,198.23	1,312.07	1,436.71	1,573.20	1722.65	1886.30	2065.50
Debt/Revenue Ratio	51%	28%	50%	21%	19%	17%	17%	15%	14%

Source: City of Freeport, Florida

Total City revenue in 2002 was 1,914,100 (see Table 1). Debt incurred by the General Fund is not illustrated in the above table. The General Fund does not have any long-term debt secured by general obligation bonds. The enterprise Fund accounts are the debt producers for capital improvements. Based on this figure, the existing debt service to revenue ratio for Freeport is 51% in 2002 and again hits a high level during 2004. The peak in 2002 and 2004 are justified by short term financing which converts to long

term with the issuance of revenue bonds. After upgrades and expansions during the first part of the planning time, debt to revenue ratios lower to a conservative percent, thus allowing for unforeseen debt.

VIII. Issues and Recommendations

As noted in the previous section, there are no revenue shortfalls identified relative to capital improvement funding over the period covered by this Capital Improvements Element. Although this is the case, there are several recommendations that can be made to insure that the goals, objectives, and policies specified within this element are achieved, and that further funding for capital improvements is enhanced. These recommendations are outlined below:

A. Establishment of a Capital Improvement Program (CIP) and Annual Capital Budget

The City should adopt such programs since it will serve to insure that capital improvement planning be a dynamic and ongoing process. It will also serve to make long range capital improvement funding more exact since short term needs can also be taken into account. The establishment and annual revisions of the Capital Improvement Program (CIP) should be undertaken as part of the duties of the Capital Projects Review Team, and the prioritizing of projects should be done in accordance with the Goals, Objectives, and Policies of this Element. The annual Capital Budget would in turn be the first year of the CIP and would be integrated into the annual budget cycle.

B. General Fund Revenue Transfers

The City should transfer all General Fund Revenues that are available for capital improvements to a Capital Projects Fund. Correspondingly, the Special Funds (i.e., Transportation Trust Fund and Special Funds maintained by the City would be a funding mechanism for the Capital Projects Fund.

C. Establishment of Capital Project Fund

The City, which does not maintain a Capital Projects Fund, should establish one and account for capital projects through this fund to allow for more readily traceable capital funds flow.

D. Enterprise Fund Surpluses

Enterprise Fund surpluses, unless indicated otherwise within this element, should be held in reserve for major capital expenditures.

E. Water and Sewer Service Self-Sufficiency

The City should through the annual budgeting process assess and ensure that operating revenues generated by water and sewer service operation are sufficient to cover operating and non-operating expenditures as well as to generate enterprise Fund surpluses sufficient to assist with funding future capital improvements.

F. Establishment of Public Facility Service Areas

The City should establish the specific geographic areas for which public facilities will be provided and to promote compact urban growth.

IX. Implementation

A. Schedule of Capital Improvements

The Schedule of Capital Improvements (see Figure 1) is the mechanism by which the City can begin to effectively stage and implement the timing, projected cost, and revenue sources for the capital improvements derived from the other comprehensive plan elements, in support of the Future Land Use Element. The Schedule of Capital Improvements has been used to document the “economic feasibility” of the comprehensive plan, based upon the other sections of this element.

1. Programs to Ensure the Implementation of the Capital Improvements Element, Goals, Objectives, and Policies

- (a) The Capital Improvements Element will be updated annually as part of each governing body’s budget cycle. This update will be the responsibility of the Capital Projects Review Team and/or the City Planning Board through the use of a Capital Improvements Survey.

- (b) Maintaining the adopted LOS will function as the primary criteria for assessing the impact of new development on public facilities.
- (c) The City Planning Board will monitor land use decisions for consistency with the Capital Improvements Element and Future Land Use Element.
- (d) The City Planning Board will track facility demand and capacity information as development orders and permits are approved.
- (e) Financial operations of each governing body will include maintaining Enterprise and General Fund balances as revenue sources for capital improvement projects.
- (f) The City in cooperation with the County and through the efforts of the Capital Projects Review Team and/or the Capital Improvements Survey will establish a Capital Improvements Program (CIP) and will annually review and revise the program through the Capital Budgeting Process.
- (g) No development order or permit will be issued which will result in a reduction in the level of service below the adopted standards (consistent with Chapter 163.3202 F.S.).
- (h) Adopt the established Concurrency Management System (CMS) as part of the LDC will serve to insure implementation of item (g) above.

B. Monitoring and Evaluation

The roll of monitoring and evaluation is vital to the effectiveness of any planning program and particularly for the Capital Improvements Element of this comprehensive plan. This is largely because each governing body's revenue and expenditure streams are subject of fluctuations in the market and economy. It is the behavior of these streams that will be used to predict fiscal trends in order to maintain the adopted Level of Service (LOS) Standards for public facilities. Therefore, the Capital Improvements Element requires a continuous program for monitoring and evaluation, and

pursuant to Chapter 163, F.S., this element will be reviewed on an annual basis to ensure that required fiscal resources are available to provide public facilities needed to support adopted LOS standards.

The annual review of the CIE will include the following considerations, and will include an examination of the considerations themselves in order to determine their continued appropriateness.

- (a) Any corrections, updates, and modifications concerning costs; revenue sources; acceptance of facilities pursuant to dedications which are consistent with the element; or the date of construction of any facility enumerated in the element;
- (b) The Capital Improvement Element's consistency with the other elements and its support of the Future Land Use Element;
- (c) Each governing body's ability to provide public facilities and service within its service area in order to determine any need for boundary modification or adjustment;
- (d) The priority assignment of existing public facility deficiencies;
- (e) The governing body's progress in meeting those needs determined to be existing deficiencies;
- (f) The criteria used to evaluate capital improvement projects in order to ensure that projects are being ranked in their appropriate order of priority;
- (g) The governing body's effectiveness in maintaining the adopted LOS standards;
- (h) The governing body's effectiveness in reviewing the impacts of plans and programs of State and regional agencies and/or the Water Management District that provides and/or regulates public facilities within the local jurisdiction.
- (i) The effectiveness of any adopted impact fees, and mandatory dedications or fees in lieu of, for assessing new

development a pro rata share of the improvement costs which they generate;

- (j) The impacts of special districts and any regional facility and service provisions upon the governing body's ability to maintain its adopted LOS standards;
- (k) The ratio of outstanding indebtedness and debt service requirements to total revenues;
- (l) Efforts made to secure grants or private funds, whenever available, to finance the provision of capital improvements;
- (m) The transfer of any unexpended account balances;
- (n) The criteria used to evaluate proposed plan amendments and requests for new development or redevelopment; and
- (o) Capital improvements needed for the latter part of the planning period, for inclusion in the Schedule of Capital Improvements.